



ERDASAN GROUP BERHAD
Company No. 200401006297 (644800-X)
(Incorporated in Malaysia)

DIRECTORS' FIT AND PROPER POLICY

(Adopted by the Board of Directors on 23 May 2022)

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1. INTRODUCTION

Erdasan Group Berhad (“Erdasan” or the “Company”) has adopted the Director’s Fit and Proper Policy (“Policy”) to ensure a formal, rigorous and transparent process for the appointment and re-election of directors of the Company and its subsidiaries.

The Company is obliged to comply with the requirements contained in the ACE Market Listing Requirements (“ACE LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and other applicable rules and regulations to ensure compliance with the obligations imposed.

2. OBJECTIVE

This Policy aims to guide the Nominating Committee in their review and assessment of candidates that are to be appointed onto the Board of Directors (the “Board”) as well as directors who are seeking for re-election and to ensure that each of the Directors has the character, experience, integrity, competence and time to effectively discharge his/her role as a Director of the Company and its subsidiaries (collectively known as the “Group”).

3. CRITERIA

The fit and proper criteria of a Director include but not limited to the following:-

(A) Character and Integrity

- (i) Probity
 - is compliant with legal obligations, regulatory requirements and professional standards;
 - has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court.
- (ii) Personal integrity
 - has not perpetrated or participated in any business practices which are deceitful, oppressive, improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct;
 - service contract (i.e. in the capacity of management or Director) had not been terminated in the past due to concerns on personal integrity;
 - has not abused other positions (i.e. political appointment) to facilitate government relations for the company in a manner that contravenes the principles of good governance.
- (iii) Financial integrity
 - manages personal debts or financial affairs satisfactorily;
 - demonstrates ability to fulfil personal financial obligations as and when they fall due.
- (iv) Reputation
 - is of good repute in the financial and business community;
 - has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years;
 - has not been substantially involved in the management of a business or company which has failed, where that failure has been occasioned in part by deficiencies in that management.

(B) Experience and competence

- (i) Qualifications, training and skills
 - possesses education qualification that is relevant to the skill set that the Director is earmarked to bring to bear onto the boardroom (i.e. a match to the board skill set matrix);
 - has a considerable understanding on the business and workings of a corporation;
 - possesses general management skills as well as understanding of corporate governance and sustainability issues;
 - keeps knowledge current based on continuous professional development;
 - possesses leadership capabilities and a high level of emotional intelligence.

- (ii) Relevant experience and expertise
 - possesses relevant experience and expertise with due consideration given to past length of service, nature and size of business, responsibilities held, number of subordinates as well as reporting lines and delegated authorities.

- (iii) Relevant past performance or track record
 - had a career of occupying a high-level position in a comparable organisation, and was accountable for driving or leading the organisation's governance, business performance or operations;
 - possesses commendable past performance record as gathered from the results of the board effectiveness evaluation.

(C) Time and commitment

- (i) Ability to discharge role having regard to other commitments
 - able to devote time as a board member, having factored other outside obligations including concurrent board positions held by the Director across listed issuers and non-listed entities (including not-for-profit organisations).

- (ii) Participation and contribution in the board or track record
 - demonstrates willingness to participate actively in board activities;
 - demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom;
 - manifests passion in the vocation of a Director;
 - exhibits ability to articulate views independently, objectively and constructively;
 - exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

4. RESPONSIBILITIES OF THE BOARD AND NOMINATING COMMITTEE

The Board and Nominating Committee shall be directly responsible for conducting assessments on the fitness and propriety of directors and making decisions on their appointments.

Based on the high-level and baseline considerations outlined in Clause 3 above, the Board and Nominating Committee may discuss and determine prescriptions and specifications based on its specific circumstances, needs and requirements, such as specification on the minimum years of experience needed that a candidate must have as a director to be considered for an appointment to the Board. These considerations should be periodically assessed and reviewed by the Board and Nominating Committee to ensure their relevance and alignment with the organisation needs and structure.

5. THE ASSESSMENT

The fit and proper assessments on each director within the scope of this Policy shall be conducted by the Company prior to initial appointments and at regular intervals of at least annually or whenever the Company becomes aware of information that may materially compromise a director's fitness and propriety.

The Company will consider the factors set out in Clause 3 above in assessing a director's fitness and propriety. The factors shall be assessed individually, as well as collectively, taking into account their relative importance. Failure to meet one factor on its own does not necessarily mean failure to meet the fit and proper criteria. The Company will consider the specific circumstances surrounding a director's failure to meet specific factors, such as the lapse of time since the occurrence of events, other contributing factors and the significance of the event from the perspective of potential risks posed to the Company.

The Company will exercise the assessment objectively in the best interests of the Company and the sound conduct of the Company's business. In conducting the assessment, the Company will consider whether there have been material changes in the nature or scope of the responsibilities assumed by a director in which higher standards of competence or judgement are required in order to properly perform the duties associated with the said position.

The Nominating Committee will assess each person for a new appointment or re-appointment of Directors based on the criteria set under Clause 3 before recommending to the Board for approval.¹

For the appointment of new Director, the person is required to complete the Director Information Questionnaire.²

6. NON DISCLOSURE OF SENSITIVE AND CONFIDENTIAL INFORMATION

The results of the assessments are part of the Company's internal documents and shall not be disclosed or provided to any other party.

7. REVIEW OF THE POLICY

The terms of the Policy shall be assessed, reviewed and updated by the Board, where necessary in accordance with the needs of the Company, the ACE LR, the Malaysian Code on Corporate Governance and/or any other regulatory requirements.

¹ Refer to the Board Evaluation Form

² Refer to the Director Information Questionnaire